

Message Text

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PAGE 01 JIDDA 03962 131202Z

45

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-11 CIAE-00 INR-10 NSAE-00

RSC-01 DRC-01 /034 W

----- 081841

R 131122Z SEP 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 4919

INFO AMEMBASSY BEIRUT

AMEMBASSY KUWAIT

AMCONSUL DHAHRAN

UNCLAS JIDDA 3962

DEPT PASS COMMERCE

EO 11652: N/A

TAGS: BDIS, SA

SUBJ: EXPORT CONTRACTS FOR FLOUR

REF: (A) USDOC 14067 (NOTAL); (B) JIDDA 3799 (NOTAL)

1. SINCE REF (B) WE HAVE RECEIVED NUMBER OF SIMILAR COMPLAINTS. MOST IMPORTANT OF THESE IS AGAINST AFRO INTERNATIONAL CORP., 11 BORADWAY, NEW YORK, INVOLVING 19 LOCAL MERCHANTS AND ORDERS FOR FLOUR TOTALING OVER HALF MILLION DOLLARS. AS IN CASE OF CLINTON, AFRO IS CITING ELIMINATION OF "EXPORT SUBSIDY" AS CAUSE OF PROBLEM, AND IN CABLE TO LOCAL IMPORTER STATED, "MATTER ENTIRELY BEYOND ANYONE'S CONTROL ONLY GOVERNMENT WHICH WE ARE FORCED ACCEPT. GOVT. OFFICIAL IS IN COMPLETE CONTROL." UNLIKE CLINTON, AFRO IS NOT SIMPLY ATTEMPTING INCREASE PRICES ON CONFIRMED ORDERS, BUT CLAIMING INABILITY TO DELIVER CONFIRMED ORDERS (AT LOWER PRICES) FOR JULY/AUGUST/SEPT SHIPMENTS, WHILE INDICATING ABILITY TO FILL MORE RECENT ORDERS AT HIGHER PRICES.

2. LOCAL IMPORTERS AND MERCHANTS EXTREMELY AGITATED

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ABOUT WHAT THEY CONSIDER CLEAR BREACH OF FAITH, AND

HAVE ALSO MADE REPRESENTATIONS TO MINISTER OF COMMERCE.
IN VIEW OF EFFORTS TO PUT BLAME ON USG EXPORT POLICY,
MATTER IS INVOLVING US OFFICIAL IMAGE AS WELL AS US
BUSINESS REPUTATION.

3. SUGGEST FAS ALSO BE CONSULTED. REQUEST PRELIMINARY
COMMENT ASAP ON RELEVANCE OF ELIMINATION OF MILLING
TAX AND ON LEGAL ASPECT OF REFUSING TO HONOR CONFIRMED
ORDER AT QUOTED PRICES. NOTE ISSUE IS NOT ONLY SQUABBLE
OVER PRICES BUT INVOLVES SIGNIFICANT VOLUME OF FOOD
SUPPLY FOR LOCAL REQUIREMENTS.
THACHER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973JIDDA03962
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730937/aaaabbcj.tel
Line Count: 73
Locator: TEXT ON-LINE
Office: ACTION COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) USDOC 14067 (NOTAL); (B) JIDDA 3, 799 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 04 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Oct-2001 by maustmc>; APPROVED <12 FEB 2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT CONTRACTS FOR FLOUR
TAGS: BDIS, SA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005